



**SCHEFFEL &
COMPANY, PC**

Certified Public Accountants

February 3, 2011

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To the Chairman and Members of the County Board
Macoupin County, Illinois
Carlinville, IL 62626

We are pleased to confirm our understanding of the nature and limitations of the services we are to provide for Macoupin County, Illinois (the "County").

We will apply the agreed upon procedures which the County's Board has specified, listed in the attached schedule. This engagement is solely to assist the County's Board and management in the establishment of additional policies, validation of certain cash receipts and disbursements, calculations of various amounts and testing the accuracy of some existing calculations. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, we will not express an opinion. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

We will submit a report listing the procedures performed and our findings. This report is intended solely for the use of the Chairman and Members of the County Board and management of Macoupin County, Illinois, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

□ 322 State Street • Alton, IL 62002 • o 618.465.4288 • f 618.462.3818
□ 143 North Kansas • P.O. Box 633 • Edwardsville, IL 62025 • o 618.656.1206 • f 618.656.3536
□ #2 Woodcrest Professional Park • P.O. Box 374 • Highland, IL 62249 • o 618.654.9895 • f 618.654.9898
□ 106 County Road • Jerseyville, IL 62052 • o 618.498.6841 • f 618.498.6842
□ RR 3, Box 129BA • US Hwy 267 N • Carrollton, IL 62016 • o 217.942.3821 • f 217.942.6614

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Kimberly S. Loy is the engagement principal and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We plan to begin our procedures in February 2011 and complete the procedures as soon as possible. At the conclusion of our engagement, we will require a representation letter from the County that, among other things, will confirm management's responsibility.

Our fees for these services will be based on the actual time spent at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the engagement. You will also be billed for travel and other out-of-pocket costs such as report production, word processing, postage, etc. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Although disputes are not common, should any dispute arise under this agreement (including the scope, nature and quality of services to be performed by us, our fees and other terms of the engagement) both parties agree to submit to mediation. A competent and impartial third party, acceptable to both parties, shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceedings shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process in good faith.

We appreciate the opportunity to assist you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. If the need for additional procedures arises, our agreement with you will need to be revised. It is customary for us to enumerate these revisions in an addendum to this letter. If additional specified parties of the report are added, we will require that they acknowledge in writing their responsibility for the sufficiency of procedures.

Very truly yours,

Scheffel & Company, P.C.

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RESPONSE:

This letter correctly sets forth the understanding of Macoupin County, Illinois.

By _____

Title _____

Date _____

MACOUPIN COUNTY, ILLINOIS
AGREED UPON PROCEDURES – ATTACHMENT
February 3, 2011

1. We will obtain from you a list of terminated employees, health insurance plan document, health insurance invoices, payroll registers, and COBRA receipt amounts from September 1, 2009 through December 31, 2010. We will use this information to calculate the amount of insurance benefits paid in error and the amount of over/under withholding of employee paid insurance amounts when compared to the insurance invoices.
2. We will request a copy of an employee termination policy to determine that such policy is in existence and that the policy has been adopted by the County Board.
3. We will obtain supporting documentation related to the 3 attached payment claim forms and analyze the information.
4. We will calculate the amount owed at August 31, 2010 by the Social Security Fund to the General Fund. We will also do the same for activity from September 1, 2010 through the current date.
5. We will obtain and list cash payments receipted by the County Clerk's office during the month of May of 2010. We will trace each receipt to subsequent bank deposit and note timeliness thereof.
6. We will obtain a copy of the of the policy which addresses the procedures for the Revolving Loan Fund #1 and #2 to determine that such policy is in existence and that the policy has been adopted by the County Board.
7. We will obtain a copy of the of the policy which addresses the procedures for the lease of County owned properties to determine that such policy is in existence and that the policy has been adopted by the County Board.
8. We will obtain a listing of all disbursements from the Recorder's Microfilm Fund from September 1, 2009 through December 31, 2010. We will list the disbursements and determine if they are allowable by state statutes.

9. We will obtain a listing of all disbursements from the Real Estate Transfer Fund from September 1, 2009 through August 31, 2010. We will list the disbursements and determine if they are allowable by state statutes.